

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**Division of Housing Policy Development**

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February 25, 2005

Mr. Michael Olmos, Director
Community Development Department
City of Visalia
315 East Acequia Avenue
Visalia, CA 93291

Dear Mr. Olmos:

RE: Review of the City of Visalia's Revised Draft Housing Element

Thank you for submitting Visalia's draft housing element, received for review on December 27, 2004. As you know, the Department is required to review draft housing elements and report the findings to the locality pursuant to Government Code Section 65585(b). Telephone conversations with you, Messrs. Steve Brant, Principal Planner, Larry Mintier and Derek DiManno, the City's consultants, and a meeting held in Sacramento on February 18, 2005, facilitated the review. In addition, the Department has provided technical assistance and consulting to Visalia over the last 12 months. This letter and Appendix summarize the results of our conversations and review.

Visalia's housing element is well written and provides a good framework to address the City's existing and projected housing needs. The City is commended for completion of the 2003 Homeless Survey, funding North Visalia Development Corporation homeless services, and using redevelopment funds to assist the Kimball Court, Town Meadows, and Oak Meadows affordable housing developments. Although the element addresses the majority of the statutory requirements, revisions are necessary to comply with State housing element law (Article 10.6 of the Government Code). Among the necessary changes, the element should more clearly identify adequate sites to accommodate the City's share of the regional housing need by income group, further analyze and mitigate, if necessary, governmental constraints, and strengthen certain programs. These and other required changes are discussed in greater detail in the enclosed Appendix.

For your information, recent legislation (AB 2348 Statutes of 2004), requires that if the City cannot demonstrate suitable adequate sites to accommodate the regional housing need for lower-income households in its revised inventory, the element must include a program to allow multifamily development by right of at least 16 units per site at a minimum density of 16 dwelling units per acre.

The Department appreciates your assistance and cooperation throughout the review. If you have any questions or would like to schedule a meeting in Visalia or another meeting in Sacramento, please contact Margaret Murphy, of our staff, at (916) 445-5888.

In accordance with requests pursuant to the Public Records Act, we are forwarding copies of this letter to the persons and organizations listed below.

Sincerely,

A handwritten signature in black ink that reads "Cathy E. Creswell". The signature is written in a cursive, flowing style.

Cathy E. Creswell
Deputy Director

Enclosures

cc: Larry Mintier, Consultant, J. Laurence Mintier & Associates
Derek DiManno, Consultant, J. Laurence Mintier & Associates
Mark Stivers, Senate Committee on Transportation & Housing
Suzanne Ambrose, Supervising Deputy Attorney General, AG's Office
Terry Roberts, Governor's Office of Planning and Research
Nick Cammarota, California Building Industry Association
Marcia Salkin, California Association of Realtors
Marc Brown, California Rural Legal Assistance Foundation
Rob Weiner, California Coalition for Rural Housing
John Douglas, AICP, Civic Solutions
Deanna Kitamura, Western Center on Law and Poverty
S. Lynn Martinez, Western Center on Law and Poverty
Alexander Abbe, Law Firm of Richards, Watson & Gershon
Michael G. Colantuono, Colantuono, Levin & Rozell, APC
Ilene J. Jacobs, California Rural Legal Assistance, Inc.
Richard Marcantonio, Public Advocates

APPENDIX
Visalia
February 2005

The following changes would bring the City of Visalia's housing element into compliance with Article 10.6 of the Government Code. Accompanying each recommended change we cite the supporting section of the Government Code.

Housing element technical assistance information is available on our website at www.hcd.ca.gov. Refer to the Division of Housing Policy Development and the section pertaining to State Housing Planning. Among other resources, the Housing Element section contains the Department's publication *Housing Element Questions and Answers (Qs & As)* and the Government Code addressing State housing element law.

A. Housing Needs, Resources and Constraints

1. *Include the locality's share of regional housing need in accordance with (Section 65583(a)(1)).*

The element documents the development and affordability of 78 very low-, 52 low, and 199 moderate-income units constructed or planned between 2001 and 2003 (page 1-31, Table 1-24). Appendix E, Visalia New Home Sales, confirms 18 very low- (market-rate manufactured housing) and 52 lower-income unsubsidized units by sales prices, in addition to the 60 subsidized rental units at Oak Meadows. However, according to the element, 71 additional lower-income units (Gong project) and 4 lower-income homes (Encina development) have also been approved and may be credited toward the City's Regional Housing Needs Allocation (RHNA). From discussion at the recent meeting, additional projects have been approved or received the City's commitment of funding including the 70 Mill Creek units, 60 senior Christian Church homes units, and 15 density bonus units. The City can further credit these units toward the RHNA, when the element describes the affordability of these units by the source of subsidy, rent, or sales price. Units in the pipeline should only be credited once, either to credit against the overall RHNA or included as potential sites in the land inventory.

2. *Include an inventory of land suitable for residential development, including sites having the potential for redevelopment, and an analysis of the relationship of zoning and public facilities and services to these sites (Section 65583(a)(3)).*

Visalia intends to address the remainder of its RHNA, particularly for lower-income households, through a combination of vacant land zoned R-M-2 (typical 12 du/ac) and R-M-3 (typical 20 du/ac) within the City limits, underutilized commercial downtown sites,

and annexed unconstrained vacant R-M-2 and R-M-3 zoned land. However, the land inventory does not include sufficient information to demonstrate the adequacy of identified sites or strategies, including determining whether a shortfall exists in accommodating the City's RHNA for lower-income households. Therefore, the element should be revised as follows:

Vacant Land within the City Limits - According to the estimates in the element, the City has a remaining shortfall on vacant sites within the City limits for lower-income units. The City should either demonstrate the ability to accommodate the RHNA for lower-income households on R-M-2 sites (10-15 du/ac) or establish alternative housing opportunities strategies to address the existing shortfall. For example, the City could commit to rezoning a minimum number of acres in the R-M-2 zone to R-M-3. Rezoning would need to occur early enough in the planning period to facilitate development on these sites. In addition, the element should reconcile the differences in acreage, number of parcels, and realistic development potential of R-M-3 and R-M-2 zoned sites (page 1-32) and by parcel details in Table G-1.

Underutilized Sites/Downtown Redevelopment - According to the element (Figure I-3), 11 commercially designated downtown parcels are identified as suitable for recycling to higher density housing within the planning period. While these sites may present viable development potential, more information is needed to demonstrate the realistic capacity within the planning period. The element must describe current zoning and densities, any active uses on these sites, the development standards for mixed-use development, market trends in the downtown area, and any incentives the City will provide to promote affordable mixed-use and/or multifamily development on commercially zoned sites. The element should summarize and reference the Visalia East Downtown Strategic Plan as it relates to underutilized sites and land recycling.

Vacant Land Outside the City Limits and within Urban Development Boundary-Annexations - To demonstrate sites outside the City limits can accommodate a share the City's regional housing need, the element must include a detailed annexation program or demonstrate appropriate sites have been or will be annexed early enough in the planning period to facilitate development. If the City must rely on annexed sites to address the RHNA, the annexation program must include a specific commitment for the amount of land to be annexed, the zoning, the anticipated number of units, identify sites permitting multifamily by-right, and include required timelines and milestones to complete the annexation process early within the planning period.

Annexed sites or sites planned for annexation must be within the City's sphere of influence, have available or planned infrastructure, and otherwise appropriate. The element should update the status of current annexations approved by LAFCO, estimate when the process will be complete, and clarify that rezoning occurs at the time of annexation. In addition, the element should reconcile the differences in acreage, number of parcels, and realistic development potential of R-M-3 and R-M-2 zoned sites (page 1-35) and by parcel details in Table G-2.

Table I-30 identifies multifamily as a permitted residential use in the R-1-4.5 zoning district. If the City intends to meet a portion of its lower-income RHNA on R-1-4.5 zoned sites, the element should demonstrate how the minimum lot area (4,500 square feet per unit) can accommodate the development of affordable housing for lower-income households.

For further assistance, see the Department's *Qs & As* publication (pages 17-20).

2. *An analysis of potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels and for persons with disabilities as identified in the analysis pursuant to paragraph (6) of subdivision (a). The analysis shall also demonstrate local efforts to remove governmental constraints that hinder the locality from meeting its share of the regional housing need in accordance with Section 65584 and from meeting the need for housing for persons with disabilities identified pursuant to paragraph (6). (Section 65583(a)(4)).*

Conditional Use Permit for Multifamily Development – The Department understand from previous conversations, the City requires a CUP for all multifamily projects over 11 units in size. Although the element includes a program to allow up to forty units on land zoned high density multifamily, this program does not adequately mitigate the impact of the CUP on multifamily development. The element must either demonstrate the CUP is not a constraint or provide further mitigation. For example, the City could allow multifamily development by-right on land zoned high density multifamily (R-M-3).

Urban Development Boundary – The element should more clearly describe how the current development boundary facilitates, and does not constrain, the City's ability to accommodate its share of the RHNA within the current planning period. For example, the element could include the acreage outside the City limits, but within the urban development boundary and sphere of influence, especially land already designated for multifamily residential development.

B. Housing Programs

1. *Include a program which sets forth a five-year schedule of actions the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the housing element through the administration of land use and development controls, provision of regulatory concessions and incentives and the utilization of appropriate federal and state financing and subsidy programs when available. The housing element shall contain programs, which assist in the development of adequate housing to meet the needs of low- and moderate-income households (Section 65583(c)).*

The element includes a comprehensive array of policies and programs to innovatively address the City's existing and projected housing needs. However, the element must include updated timelines for programs scheduled for implementation in the remainder of the planning period.

2. *Identify adequate sites which will be made available through appropriate zoning and development standards and with public services and facilities needed to facilitate and encourage the development of a variety of types of housing for all income levels, emergency shelters and transitional housing. Where the inventory of sites, pursuant to paragraph 3 of subdivision (a) does not identify adequate sites to accommodate the need for groups of all housing income levels pursuant to Section 65584, the program shall provide for sufficient sites with zoning that permits owner-occupied and rental multifamily residential use by right, including density and development standards that could accommodate and facilitate the feasibility of housing for very low- and low-income households (Section 65583(c)(1)).*

Absent a revised complete land inventory analysis as required in A.2, it is not possible to evaluate the adequacy of Visalia's sites. Where the element has not identified sites suitable and available to accommodate the remainder of the City's lower-income housing need, the element should identify additional adequate sites or include alternative housing opportunity strategies. Additionally, the element should be revised to address the following:

Multifamily Development (Program 1.8) - Include an annual marketing campaign to the development community to include distribution of the adequate sites inventory and a package describing regulatory incentives the City will provide to encourage and facilitate affordable housing development.

Incentives for Downtown Housing/ Mixed-Use - Since the City intends to rely in part on mixed-use development and/or multifamily development on commercially zoned underutilized land to accommodate a portion of its RHNA for low- and moderate-income households, the program should include a timeline for completion of the inventory of structures and sites and describe how the City will assist in downtown redevelopment. The element should estimate the number of low- and moderate-income mixed-use/multifamily units to be developed on identified sites downtown.

Second Units - The element should clarify whether the City provides ministerial review of second-unit applications, describe second-unit development standards, including parking requirements, and any incentives the City will provide to promote second- unit development (Program 1.2, page 11-4).

If Visalia intends to rely on single-family for-sale housing to accommodate a portion of its lower-income regional housing need, the element must include strong first time home buyer, sweat equity, equity sharing, and related programs. These programs should describe the source and amount of subsidies (Programs 1.1, 2.4, and 2.6) and include annual outreach efforts and program monitoring (Program 1.17).

Refer to the Department's *Qs & As* (pages 27–35) for more information on the adequate sites requirement.